

Message Text

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 9095

ALL US CONSULATES IN MEXICO VIA POUCH

C O N F I D E N T I A L SECTION 1 OF 2 MEXICO 15494

E. O. 11652: GDS

TAGS: MX PINT PINR

SUBJECT: THE LOPEZ PORTILLO CABINET: A POLITICAL ASSESSMENT

SUMMARY: LOPEZ PORTILLO IS GETTING MOSTLY PASSING MARKS IN HIS FIRST POLITICAL TEST BY LARGELY BREAKING WITH THE ECHEVERRIA CABINET, RETAINING ONLY TWO CABINET OFFICERS(MUNOZ LEDO AND OJEDA PAULLADA) ON HIS OWN FIRST TEAM. OF THE SIX ECHEVERRIA SECRETARIES ANATHEMA TO THE POLITICAL CENTER AND RIGHT

(MUNOZ LEDO,ALEJO, OVALLE, GOMEZ VILLANUEVA, BARRA GARCIA, AND BRAVO AHUJA), ONLY MUNOZ LEDO HAS BEEN RETAINED IN THE CABINET. FURTHER, LOPEZ PORTILLO DEMONSTRATED HIS INDEPENDENCE OF ECHEVERRIA IN APPOINTING HIS OWN MEN IN KEY ECONOMIC AND OTHER CABINET POSTS: MOCTEZUMA IN THE KEY TREASURY POST, ROEL TO FOREIGN RELATIONS, DE OTEYZA TO NATIONAL PROPERTIES, TELLO TO THE PRESIDENCY, SOLANA TO INDUSTRY AND COMMERCE, AND DIAZ SERRANO TO PEMEX, (NOT A CABINET POSITION, BUT MORE IMPORTANT THAN MOST CABINET OFFICES). BUT MANY ECHEVERRIA LOYALISTS(THOUGH NOT NECESSARILY LEFTISTS) HAVE BEEN KEPT ON AT THE SECOND AND THIRD ECHELON, WHICH, AS THE FIRST EUPHORIA BEGINS TO PASS, IS CAUSING SOME CONCERN. THIS IS THE CASE PARTICULARLY AT THE INTERIOR SECRETARIAT, WHERE SUBSECRETARY GUTIERREZ BARRIOS WAS CONFIRMED AND THE FORMER PRESIDENT'S NEPHEW, RODOLFO ECHEVERRIA RUIZ, WAS NAMED AS SECOND SUBSECRETARY. BUT IN APPOINTING REYES HEROLDES SECRETARY, JLP NAMED A MAN CONSTITUTIONALLY INELIGIBLE TO BECOME

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PRESIDENT. THIS COULD DIMINISH THE POWER OF THE ENTIRE

MINISTRY, OR REYES HEROLLES COULD BECOME A FIGUREHEAD WHILE GUTIERREZ AND ECHEVERRIA RUIZ EXERCISE AND DEVELOP THE POWER INHERENT IN THIS MOST POLITICAL OF MINISTRIES. END SUMMARY.

1. LOPEZ PORTILLO HAS LARGELY FULFILLED HOPES THAT HIS CABINET WOULD REPRESENT A BREAK WITH THE ECHEVERRIA ADMINISTRATION AND IN DOING SO HAS GOTTEN PASSING MARKS ON HIS FIRST POLITICAL TEST. ALTHOUGH MOST INCOMING PRESIDENT MAKE A CLEAN BREAK WITH THE PREVIOUS ADMINISTRATION (ECHEVERRIA RETAINED ONLY ONE OF DIAZ ORDAZ' ORIGINAL APPOINTMENTS, DIAZ ORDAZ THREE OF LOPEZ MATEOS') THE NEAR HYSTERIA OF THE LAST TWO MONTHS, LARGELY BASED ON A FEAR THAT PRESIDENT ECHEVERRIA WOULD ATTEMPT SOMEHOW TO REATTAIN POLITICAL CONTROL, MADE THE NEW CABINET COMPOSITION A LITMUS TEST OF LOPEZ PORTILLO'S INDEPENDENCE OF THE OUTGOING PRESIDENT.

2. PARTICULARLY GRATIFYING TO THE POLITICAL CENTER AND RIGHT WAS THE EXCLUSION OF FIVE OF THE SIX CABINET AND FORMER OFFICERS CONSIDERED THE REAL "ECHEVERRISTAS"--JAVIER ALEJO, FERNANDO OVALLE, AUGUSTO GOMEZ VILLANUEVA, FELIX BARRA GARCIA, AND VICTOR BRAVO AHUJA. THE PRIVATE SECTOR IS GRUMBLING ABOUT THE RETENTION OF PRI PRESIDENT MUNOZ LEDO (FORMER LABOR SECRETARY) AS EDUCATION SECRETARY, BUT THIS IS THE ONE EXCEPTION TO A GENERALLY ENTHUSIASTIC REACTION TO THE CABINET ITSELF. ALEJO HAS BEEN NAMED HEAD OF THE CIUDAD SAGAHUN INDUSTRIAL COMPLEX AND GOMVEZ VILLANUEVA IS PRESIDENT OF THE CHAMBER OF DEPUTIES 1976-1979, BUT NEITHER POSITION IS NEARLY SO INFLUENTIAL AS THE ONES THEY HELD UNDER ECHEVERRIA. BRAVO AHUJA, OVALLE FERNANDEZ, AND BARRA GARCIA THUS FAR HAVE NOT RECEIVED ANY NEW APPOINTMENTS.

3. FOUR OTHER ECHEVERRIA CABINET OFFICERS HAVE RECEIVED NON-CABINET JOBS IN THE NEW GOVERNMENT: TREASURY SECRETARY BETETA WENT TO SOMEX, THE GOM HOLDING COMPANY; COMMUNICATIONS AND TRANSPORTATION SECRETARY MENDEZ DOCURRO HAS BEEN GIVEN A THIRD TIER JOB IN THE EDUCATION MINISTRY UNDER MUNOZ LEDO; CONFIDENTIAL

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INDUSTRY AND COMMERCE SECRETARY CAMPILLO SAINZ HAS BEEN NAMED HEAD OF INFONAVIT, THE MOST IMPORTANT OF SEVERAL GOM HOUSING AGENCIESV AND FORMER PRESIDENCY SECRETARY CERVANTES DEL RIO HAS BEEN NAMED HEAD OF THE FEDERAL ELECTRICITY COMMISSION. DEFENSE SECRETARY CUENCA DIAZ IS THE ALMOST CERTAIN CHOICE AS THE NEXT GOVERNOR OF BAJA CALIFORNIA NORTE. NONE OF THESE APPOINTMENTS IS CAUSING MUCH COMMENT.

4. THE PRINCIPAL CASUALTY OF THE POLITICAL CENTER UNDER ECHEVERRIA IS FORMER INTERIOR SECRETARY MOYA PALENCIA--BUT HE MAY STILL RECEIVE A RESPECTABLE AMBASSADORIAL APPOINTMENT, PARIS OR LONDON BEING POSSIBILITIES; FORMER ATTORNEY GENERAL OJEDA PAULLAADA'S RETENTION WAS EXPECTED, BUT LOPEZ PORTILLO DECLINED TO NAME HIM TO SUCCEED MOYA, PLACING HIM INSTEAD IN THE LABOR SPOT. LOPEZ PORTILLO MAY HAVE FEARED THAT OJEDA WOULD HAVE BECOME TOO POWERFUL(OR TOO VULNERABLE) IN THE INTERIOR POSITION. OR HE MAY HAVE WISHED TO HAVE A MAN OF OJEDA'S POLITICAL EXPERIENCE IN THE LABOR JOB IN ANTICIPATION THAT THE LABOR SECTOR WILL PRESENT THE MOST ACUTE POLITICAL DIFFICULTIES DURING THE NEXT SIX, YEARS. WITH OJEDA AT LABOR ARE GUSTAVO CARVAJALA MORENO, UNTIL NOVEMBER 30 JLP'S PRIVATE SECRETARY, AND ALEJANDRO GERTZ, OJEDA'S OFFICIAL MAYOR AT THE ATTORNEY GENERAL'S OFFICE; TOGETHER THEY CONSTITUTE A FORMIDABLE POLITICAL TRIO.

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

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5. NOT ONLY WERE MOST OF THE "LEFTISTS" AND STRONG FIGURES (E.G., MOYA) IN THE ECHEVERRIA CABINET LARGELY EXCLUDED, BUT LOPEZ PORTILLO OBVIOUSLY NAMED HIS OWN MEN TO THE KEY POSITIONS IN THE NEW CABINET. MOCTEZUMA, (TREASURY), DE OTEYZA(NATIONAL PROPERTIES), SOLANA (INDUSTRY AND COMMERCE), MUJICA MONTTOYA(COMMUNICATIONS AND TRANSPORT), RAMIREZ VAZQUEZ(PUBLIC WORKS), MARTINEZ MANATOU(HEALTH), CHAZARO (NAVY), TELLO(PRESIDENCY), AND ROSSELL (TOURISM) AMONG THE CABINET OFFICERS HAVE ALL BEEN

CLOSELY IDENTIFIED WITH LOPEZ PORTILLO IN THE PAST (SEE MEXICO A-26, 2/4/76). JLP INTIMATES IN NON-CABINET LEVEL BUT OFTEN CRUCIALLY IMPORTANT POSITIONS ARE ALSO NUMEROUS. THESE INCLUDE:

GUSTAVO ROMERO KOLBECK, BANCO DE MEXICO
DAVID IBARRA, NAFINSA
JORGE DIAZ SERRANO, PEMEX
ROBERTO DE LA MADRID, NATIONAL LOTTERY
ARSENIO FARELL CUBILLAS, SOCIAL SECURITY
MARCO VINICIO MARTINEZ GUERRERO, IMAN AND IMPI
(TWO CHILD CARE INSTITUTES)
MANUEL GONZALEZ COSIO, CONASUPO
ENRIQUE LOAEZA TOVAR, AIRPORT SERVICES
ADRIAN LAJOUS MARTINEZ, INSITTUTE OF FOREIGN TRADE
EVERARDO ESPINO, NATIONAL RURAL CREDIT BANK
EDMUNDO FLORES, CONACYT
GUSTAVO CARVAJAL, SUBSECRETARY OF LABOR
MARIO CALLES, SUBSECRETARY OF HEALTH
GILBERTO ESCOBEDO, DIRECTOR GENERAL OF CREDIT,
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TREASURY, AND ARTURO DURAZO, MEXICO CITY POLICE CHIEF.

(COMMENT: ALTHOUGH JLP'S TEAM CONTAIN SOME IMPRESSIVE APPOINTMENTS, TO DESCRIBE A NEW APPOINTEE AS A JLP INTIMATE IS NOT NECESSARILY TO EXPRESS A VALUE JUDGEMENT ON HIS INDIVIDUAL MERIT. A CASE IN POINT IS ARTURO DURAZO, A KNOWN NARCOTICS TRAFFICKER WHO IS A JLP FRIEND SINCE CHILDHOOD. ALTHOUGH DURAZO AS MEXICO CITY POLICE CHIEF CAN NOT DIRECTLY AFFECT THE NARCOTICS PROGRAM, HE COULD GIVE PROTECTION TO TRAFFICKERS. AFTER JLP'S IN-AUGURAL EMPHASIS ON HONESTY, DURAZO'S APPOINTMENT IS BEING VIEWED CYNICALLY BY POLITICAL INSIDERS. END COMMENT.)

6. THERE WERE FOUR MAJOR SURPRISES IN THE CABINET: JESUS REYES HEROLES IN INTERIOR; SANTIAGO ROEL IN FOREIGN RELATIONS, AND MARTINEZ MANATOU IN HEALTH, AND OSCAR FLORES SANCHEZ AS ATTORNEY GENERAL. REYES HEROLES' CAREER HAD BEEN THOUGHT FINISHED WHEN ECHEVERRIA REPLACED HIM AS HEAD OF THE PRI IN SEPTEMBER LAST YEAR. THE CONVENTIONAL WISDOM ON REYES HAS ALWAYS BEEN THAT HE WAS A LIBERAL IDEALOGUE WELL SUITED IN THE PRI JOB ON AN INTERIM BASIS BUT THAT HE LACKED THE TOUGHNESS TO HEAD THE PARTY DURING AN ELECTION YEAR. AS DISCUSSED BELOW, HOW HE WILL FARE IN THE INTERIOR JOB, REQUIRING MORE TOUGHNESS STILL, IS TO BE SEEN. EVERYONE HAD ASSUMED ROEL WOULD GET AN IMPORTANT JOB, BUT FOREIGN RELATIONS WAS A SURPRISE; MANY DOUBT ROEL'S PREPARATION FOR THIS POSITION. BUT THE BIGGEST SHOCK WAS THE RESURRECTION OF EMILIO MARTINEZ MANATOU,

ECHEVERRIA'S PRINCIPAL ADVERSARY FOR THE PRESIDENTIAL NOMINATION IN 1969 AND THEN SECRETARY OF THE PRESIDENCY (JLP WAS HIS FIRST SUBSECRETARY). MARTINEZ MANATOU HAS NOT MADE A PUBLIC APPEARANCE OR STATEMENT IN SIX YEARS, AND IS THE LAZARUS OF THE NEW CABINET. ATTORNEY GENERAL FLORES, FORMER GOVERNOR OF CHIHUAHUA(1968-74) HAS ADMINISTRATIVE EXPERIENCE MAINLY IN THE AGRICULTURAL FIELD BUT NO SPECIAL LEGAL OR JUDICIAL QUALIFICATIONS.

7. BUT THE RETENTION RATE OF ECHEVERRIA LOYALISTS (THOUGH NOT NECESSARILY THE ECHEVERRIA "LEFTISTS") WHO HELD LESS THAN CABINET RANK IS RATHER HIGH AND IS CAUSING CONFIDENTIAL

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SOME CONCERN. THESE INCLUDE:
RODOLFO ECHEVERRIA RUIZ, OFFICIAL MAYOR OF THE PRI TO SUBSECRETARY OF INTERIOR
FERNANDO GUTIERREZ BARRIOS, CONFIRMED AS SUBSECRETARY OF INTERIOR
CALROS JONGITUD BARRIOS, PRESIDENT OF TEACHERS' UNION TO DIRECTOR OF SOCIAL SECURITY AND GOM EMPLOYEES (ISSSTE)
ENRIQUE OLIVARES SANTANA, PRESIDENT OF SENATE TO DIRECTOR OF NATIONAL BANK FOR PUBLIC WORKS AND SERVICES
DAVID GUTIERREZ RUIS, HEAD OF PRI'S POPULAR SECTOR TO DIRECTOR OF FERTILIZER AGENCY, AND
LUIS GOMEZ, ZEPEDA, CONFIRMED AS DIRECTOR OF MEXICAN NATIONAL RAILWAYS.

8. THE APPOINTMENT OF ECHEVERRIA RUIS AND THE CONFIRMATION OF GUTIERREZ BARRIOS AS SUBSECRETARIES OF INTERIOR, THE MOST POLITICAL OF SECRETARIES, IS OCCASIONING SOME HEAD SHAKING AND HAND WRINGING NOW THAT THE FIRST EUPHORIA OVER THE CABINET COMPOSITION IS PASSING. TOGETHER WITH REYES HEROLE, WHO ALSO SERVED IN IMPORTANT SUBCABINET POSITIONS THROUGHOUT THE ECHEVERRIA ADMINISTRATION, THEY GIVE THE INTERIOR SECRETARIAT A DECIDEDLY ECHEVERRIA FLAVOR. BUT IN APPOINTING REYES HEROLE SECRETARY, JLP NAMED A MAN WHO BY VIRTUE OF A FOREIGN PARENT IS CONSTITUTIONALLY INELIGIBLE TO BECOME PRESIDENT. THIS COULD MEAN INTERIOR IS LESS LIKELY TO BECOME THE SUBCENTER OF POWER IT HAS BEEN IN THE PAST, THUS FACILITATING JLP EXERTING PERSONAL CONTROL OVER THE POLITICAL SYSTEM, OR IT MAY MEAN REYES HEROLE WILL BE A FIGUREHEAD WHILE GUTIERREZ BARRIOS AND ECHEVERRIA RUIZ EXECISE THE POWER INHERENT IN THIS SECRETARIAT. INTERIOR, AS USUAL, WILL REMAIN A PLACE TO WATCH.

9. ANOTHER INTERESTING RETENTION IS LUIS GOMEZ ZEPEDA, AS
HEAD OF MEXICAN RAILWAYS. HIS LABOR BACKGROUND AND HIS SUCCESS IN
HAVING CONTROLLED THE OFTEN REBELLIOUS RAILWAY WORKERS DURING
THE LAST FIVE YEARS MAKES HIM A VALUED MEMBER OF THE LOPEZ
PORTILLO TEAM.
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